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Item 1008-D

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Calendar No. 1163

96TH CONGRESS
2d Session

SENATE

REPORT
No. 96-1031

TAX TREATMENT OF CERTAIN INDIVIDUALS LIVING ABROAD AND CERTAIN PENSION PLAN DISTRIBUTIONS

COMPLETED
ORIGINAL

REPORT

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ON

H.R. 5973

NOVEMBER 24 (legislative day, NOVEMBER 20), 1980.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
69-671 O WASHINGTON : 1980

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NOVEMBER 24 (legislative day, NOVEMBER 20), 1980.—Ordered to be printed

Mr. LONG, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 5973]

The Committee on Finance, to which was referred the bill (H.R. 5973) to amend the Internal Revenue Code of 1954 to waive in certain cases the residency requirements for deductions or exclusions of individuals living abroad, to allow the tax-free rollover of certain distributions from money purchase pension plans, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are shown in the text of the bill in italic.

House bill.—H.R. 5973, as passed by the House, dealt with (1) waiver of time limits in foreign residence or presence requirement for Americans working abroad, (2) treatment of certain distributions from money purchase pension plans, (3) application of targeted jobs credit to certain youth, and (4) treatment of certain indebtedness incurred by a tax-exempt organization for purposes of Code section 514.

Committee bill.—The committee bill retains the first two provisions of the House bill, deletes the third provision (previously enacted in H.R. 2797, P.L. 96-222), and also deletes the fourth provision of the House bill. In addition, the committee bill includes tax provisions relating to the treatment of certain repayments of supplemental unemployment compensation benefits (sec. 5 of H.R. 2746, as passed the House), treatment of foreign convention expenses and an exception to private foundation "self-dealing" rules for continuation of certain leasing arrangements (previously reported by the committee as sec. 202 of H.R. 2297).

I. SUMMARY

Section 1. Waiver of Time Limits in Foreign Residence or Presence Requirement for Americans Working Abroad

This section would permit the waiver of the minimum time limits in the foreign residence or presence eligibility requirements for Americans working abroad to obtain the benefits of the deduction for excess foreign living costs or the exclusion for foreign earned income. The waiver generally would be available to Americans working abroad who could reasonably have been expected to meet those eligibility requirements, but who left the foreign country under conditions of war, civil unrest, or similar conditions which precluded the normal conduct of business.

Section 2. Special Rule for Certain Distributions From Money Purchase Pension Plans

Under present law, if an employer maintains a tax-qualified defined benefit pension plan and a tax-qualified money purchase pension plan, and if an employee is covered by both plans, a total distribution of the balance of the employee's interest in the money purchase plan to the employee (or the employee's spouse on account of the employee's death) is not eligible to be rolled over tax free to an individual retirement account or to another qualified plan unless a total distribution is also made from the defined benefit plan in the same taxable year. This section would allow an employee (or a deceased employee's spouse) to make a tax-free rollover of a total distribution from a qualified money purchase plan where the employee is also covered by a qualified defined benefit plan maintained by the same employer even though a total distribution is not made from the defined benefit plan in the same taxable year.

Section 3. Treatment of Certain Repayments of Supplemental Unemployment Compensation Benefits

Under present law, if a worker who has been laid off is required to pay back supplemental unemployment compensation benefits because of the subsequent receipt of trade readjustment assistance, the worker may be entitled to tax relief in the year of repayment under a special tax computation for cases where the taxpayer restores a substantial amount held under a claim of right (Code sec. 1341). However, if the amount of supplemental unemployment compensation benefits required to be paid back by the worker is $3,000 or less, the worker may receive no tax relief for the repayment of previously taxed amounts unless itemized deductions are claimed.

This section of the bill would allow a deduction from gross income for the repayment of supplemental unemployment compensation benefits if the repayment is required because of the receipt of trade readjustment allowances.

Section 4. Tax Treatment of Expenses for Attending Foreign Conventions

Present law provides specific rules (Code sec. 274(h)) limiting the deduction for expenses of attending conventions, seminars, or similar meetings held outside the United States, its possessions, and the Trust Territory of the Pacific. These rules apply not only to the individuals attending the convention, but also to an employer who pays the expenses.

Under this section of the bill, no deduction is to be allowed for expenses allocable to a convention, seminar, or similar meeting held outside the North American area unless, taking certain factors into account, it is "as reasonable" for the meeting to be held outside the North American area as within it. The two-convention rule of present law is repealed. Under the provision, a convention will not be treated as a foreign convention unless it is held outside the United States, it's possessions, and the Trust Territory of the Pacific, and Canada and Mexico. The section also repeals the subsistence expense limitations, the coach fare limitations, and special reporting requirements present law.

This provision is effective with respect to foreign conventions attended after December 31, 1980. Where a taxpayer has made plans to attend a foreign convention and such foreign convention was planned prior to December 31, 1980, such convention is grandfathered under the terms of this provision.

Section 5. Exception to Private Foundation "Self-Dealing" Rules for Continuation of Certain Leasing Arrangements

Present law generally prohibits certain "self-dealing" transactions, including leasing arrangements, between a private foundation and a "disqualified person." There is a 10-year transitional rule that permits continuation of an otherwise prohibited leasing arrangement pursuant to a binding contract in effect on October 9, 1969 (or pursuant to renewals of such contract), if the leasing arrangement is at least as favorable to the foundation as an arm's length transaction with an unrelated party, and if the arrangement was not a prohibited transaction at its inception.

The provision would allow a permanent exception from the "self-dealing" rules under Code section 4941 in certain circumstances where a private foundation leases office space from a disqualified person, if (1) the lease is pursuant to a binding contract in effect on October 9, 1969 (or renewals thereof), (2) at the time of execution the lease was not a prohibited transaction, and (3) the space is leased to the foundation on a basis no less favorable than that on which such space would be made available in an arm's-length transaction. For the lease to qualify for this exception, the leased space must be in a building in which there are tenants who are not disqualified persons.

This provision would apply to the Moody Foundation of Galveston, Texas, and any other private foundation leasing arrangement meeting the specific requirements of the bill. The provision becomes effective for taxable years beginning after December 31, 1979.

II. EXPLANATION OF THE BILL

A. Waiver of Time Limits in Foreign Residence or Presence Requirement for Americans Working Abroad (sec. 1 of the bill and sec. 913 of the Code)

Present law

Prior to enactment of the Foreign Earned Income Act of 1978, an American who was present in a foreign country or countries for at least 510 full days during any period of 18 consecutive months, or who was a *bona fide* resident of a foreign country or countries for an uninterrupted period which included an entire taxable year, was entitled to exclude up to a flat amount (generally $20,000) per year of his foreign earned income (sec. 911).

The 1978 Act retained these eligibility requirements but changed the special provisions for Americans working abroad. Generally, qualifying individuals are allowed a deduction for their excess foreign costs of living. The new excess living cost deduction (new sec. 913) consists of separate elements for the general cost of living, housing, education, and home leave costs. In addition, taxpayers living and working in certain hardship areas are allowed a special $5,000 deduction in order to compensate them for the hardships involved and to encourage U.S. citizens to accept employment in these areas. As an exception to these new rules, the Act permits employees who reside in camps in hardship areas to elect to claim a $20,000 earned income exclusion (under sec. 911) in lieu of the new excess living cost and hardship area deductions. As noted above, the foreign presence or residence criteria of prior law continue to determine whether or not Americans working abroad qualify for the special deduction or exclusion.

If a taxpayer working abroad is "temporarily" away from home in pursuit of a trade or business, the taxpayer generally may deduct traveling expenses (including amounts spent for meals and lodging) for himself but generally not for family members who accompany him. The taxpayer's "home" for this purpose is generally his principal place of employment. While a determination of whether the taxpayer is "temporarily" away from home depends on all the facts and circumstances, and has frequently been the subject of litigation. The Internal Revenue Service often holds that the taxpayer is "temporarily" away from home if his employment is not anticipated to, and does not actually, last more than a year. Otherwise, the Service ordinarily views the taxpayer as not being "temporarily" away from home if his employment is not anticipated to, and does not actually, last more than a year. Otherwise, the Service ordinarily views the taxpayer as not

being temporarily away from home and not entitled to these deductions.[1] A number of items in the deduction for excess foreign living costs are measured with reference to the location of the individual's tax home.

Reasons for change

Because of the recent civil unrest in Iran, a number of Americans who were working there with the expectation of meeting the foreign residence or presence requirements returned to the United States prior to the time that those requirements actually were met. The committee believes that, in a case where an individual goes abroad with the expectation of meeting the foreign residence or presence requirements, but fails to meet those requirements because of extraordinary circumstances beyond his control, relief should be afforded from the time limitations because of the special circumstances involved. However, the committee does not intend that this provision be considered as a precedent for other legislative changes.

Explanation of provision

This provision would provide that, under certain circumstances, the time limits of the foreign residence or presence eligibility requirements for the deduction for excess foreign living costs or the exclusion for foreign earned income may be waived. Three conditions must be met for the waiver to apply. First, the individual actually must have been a *bona fide* resident of, or present in, a foreign country. Second, he must leave the foreign country after August 31, 1978, during a period with respect to which the Treasury Department determines, after consultation with the State Department, that individuals were required to leave the foreign country because of war, civil unrest, or similar adverse conditions in the foreign country which precluded the normal conduct of business by those individuals. It is anticipated, for example, that such determinations ordinarily would be made in situations where the State Department issues a travel advisory recommending that U.S. citizens avoid travel to a country because of unsettled conditions there. Third, the individual must establish to the satisfaction of the Treasury that he could reasonably have been expected to meet the time limitation requirements, but for the war, civil unrest, or similar adverse conditions. An individual who could reasonably have been expected to be present in a foreign country for a period of 17 out of 18 months or a *bona fide* resident of that country for an entire taxable year would be considered to have his tax home in that country for purposes of the excess living cost deduction rather than being considered to be temporarily present in that country. If these criteria are met, the taxpayer would be treated as having met the foreign residence or presence requirements with respect to the period during which he was a *bona fide* resident or was present in the foreign country even though the relevant time limitation under existing law had not been met.

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[1] Rev. Rul. 60-189, 1960—1 C.B. 60.

Effective date

With respect to the deduction for excess foreign living costs and the $20,000 annual exclusion as amended by the Foreign Earned Income Act of 1978, the provision would apply to taxable years beginning after December 31, 1977 (the general effective date for those provisions). Similar rules also are to be applied for taxable years beginning in 1977 or 1978 in the case of individuals who would otherwise be eligible for the exclusion of foreign earned income (sec. 911) as in effect prior to the 1978 Act, including taxpayers who, for 1978, elect the exclusion as amended by the Tax Reform Act of 1976.

Revenue effect

This provision will have no effect upon budget receipts. It forgives an unanticipated one-time tax increase of $10 million attributable to calendar 1979 tax liability.

B. Special Rule for Certain Distributions From Money Purchase Pension Plans (sec. 2 of the bill and sec. 402 of the Code)

Present law

An employee who receives a lump sum distribution from a tax-qualified pension, profit-sharing, or stock bonus plan may defer tax on the distribution by rolling over the proceeds (net of any employee contributions) within 60 days of receipt (1) to an IRA (an individual retirement account, annuity, or bond), or (2) to another employer-sponsored qualified pension, etc., plan.[1] The rollover rule also applies to the spouse of an employee who receives a lump sum distribution on account of the employee's death. A lump sum distribution from a qualified plan is eligible for favorable income tax treatment (e.g., 10-year income-averaging) if no portion of the distribution is rolled over.

A lump sum distribution must be a distribution of the balance to the credit of an employee under a qualified pension, etc., plan, made within one taxable year of the recipient. Generally, the distribution must have been made on account of death or separation from service, or after the employee attains age 59½. If an employer maintains more than one qualified plan of the same type, the plans are aggregated for the purpose of determining whether the balance to the credit of an employee has been distributed. Under the aggregation rules, all pension plans (defined benefit and money purchase) maintained by the employer are treated as a single plan, all profit-sharing plans maintained by the employer are treated as a single plan, and all stock bonus plans maintained by the employer are treated as a single plan.

Reasons for change

The committee believes that the present lump sum distribution rollover rules are too restrictive.

Explanation of provision

This provision would allow an employee who receives a total distribution from a money purchase pension plan (which is otherwise eligible for taxfree rollover treatment) to roll over the distribution to an IRA or to another qualified plan where the employer also maintains a defined benefit pension plan covering the employee even though a total distribution is not made from the defined benefit plan in the same taxable year. The provision also would apply to the spouse of an employee if the spouse receives such a total distribution on account of the employee's death.

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[1] A rollover to a plan is not permitted if any part of the lump sum distribution represents contributions made while the employee was self-employed.

If the recipient rolls over a total distribution from a money purchase pension plan and, in a subsequent taxable year, receives a total distribution from a defined benefit pension plan maintained by the employer, the later plan distribution could be rolled over tax free (if it otherwise meets the requirements for a tax-free rollover) but otherwise would not be eligible for the favorable income tax treatment accorded lump sum distributions.

Effective date

Generally, this provision would apply to payments made in taxable years beginning after December 31, 1978. In the case of such payments made before January 1, 1981, the period for making a rollover would not expire before December 31, 1980.

Revenue effect

It is estimated that this provision would reduce budget receipts by less than $5 million annually.

C. Treatment of Certain Repayments of Supplemental Unemployment Compensation Benefits (sec. 3 of the bill and sec. 62 of the Code)

Present law

Under present law, workers who are laid off may become entitled to taxable supplemental unemployment compensation benefits [1] during periods for which they are laid off. Subsequently, they may receive trade readjustment assistance,[2] which generally is nontaxable (except to the extent otherwise provided in section 85 of the Code). When this occurs, those workers may be required to pay back the supplemental unemployment benefits they previously received.

If repayment is made by a worker, a deduction is allowable (under section 165 of the Code) for the repayment. In addition, a special relief provision relating to the computation of tax where the taxpayer restores a substantial amount held under a claim of right may apply (Code sec. 1341).

Under the special relief provision, if the worker pays back more than $3,000 of supplemental unemployment compensation benefits, income tax for the taxable year of repayment may be computed by claiming an itemized deduction for the repayment or, if a greater benefit is derived, the tax for the current year may be reduced by the amount of tax for the prior taxable year which was attributable to the inclusion of such benefits in gross income. However, this special tax computation is not available if the repayment does not exceed $3,000. In this case, no relief is available for the repayment of amounts previously included in gross income unless the worker claims itemized deductions for the taxable year in which the repayment is made.

Reasons for change

The committee believes that relief should be available to all workers who are required to pay back supplemental unemployment compensation benefits because of the subsequent receipt of trade readjustment assistance.

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[1] These benefits generally are paid by trusts exempt from taxation under Code sec. 501(c)(17) or by voluntary employees' beneficiary associations exempt from taxation under Code sec. 501(c)(9).

[2] Under the Trade Act of 1974, benefits are provided to workers who are separated from their jobs as a result of the adverse effect of increased imports. The worker's separation must be due to lack of work in adversely affected employment, and covered under a certification of eligibility. In the 52 weeks preceding his qualifying separation, he must have had at least 26 weeks of employment at wages of $30 or more a week in adversely affected employment with a single firm. Benefits under the Trade Act equal 70 percent of the worker's average weekly wage, but may not exceed the average weekly manufacturing wage. Benefits are reduced by 50 percent of any earnings during the week for which benefits are provided. These benefits generally are payable for up to 52 weeks, and also are provided in the form of training allowances, job search allowances, and relocation allowances.

Explanation of provision

The bill amends section 62 of the Code to allow a deduction from gross income for the repayment of supplemental unemployment compensation benefits if the repayment is required because of the receipt of trade readjustment allowances under sections 231 or 232 of the Trade Act of 1974. Qualifying repayments would be those made to trusts exempt from taxation under section 501(c)(17) of the Code or to voluntary employees' beneficiary associations exempt from taxation under section 501(c)(9) of the Code.

In the case of a repayment of more than $3,000 of supplemental unemployment compensation benefits, the taxpayer will continue to have the option of computing tax for the current taxable year under existing provisions for restoration of amounts held under a claim of right (Code sec. 1341).

Effective date

The provision will apply to repayments made in taxable years beginning after the date of enactment.

Revenue effect

It is estimated that this provision will reduce budget receipts by $5 million annually.

D. Tax Treatment of Expenses for Attending Foreign Conventions (sec. 4 of the bill and sec. 274 of the Code)

Present law

Present law provides specific rules (sec. 274(h)) limiting the deduction for expenses of attending conventions, seminars, or similar meetings held outside the United States, its possessions, and the Trust Territory of the Pacific. These rules apply not only to the individuals attending the convention, but also to an employer who pays the expenses. Under these rules:

(1) No deduction is allowed for expenses paid or incurred by an individual in attending more than two foreign conventions in any taxable year.

(2) With respect to the two conventions for which a deduction is allowable, the amount of expenses that can be deducted for transportation and subsistence are limited. A deduction for transportation expense outside the United States may not exceed the coach or economy rates charged by a commercial airline. The deduction for subsistence may not exceed the dollar per diem rate established for Federal employees at the location at which the convention is held.

(3) A deduction is allowed for subsistence expenses for all of the days, or half days, as the case may be, of the convention, if (a) a full day or half-day of business activities are scheduled on each day during the convention, and (b) the individual attends at least two-thirds of the total hours of scheduled business activities at the convention. Otherwise, a deduction is allowed for subsistence expenses only for those full or half days during which the individual attends at least two-thirds of the scheduled business activities for that day.

(4) A deduction for the full amount of expenses of transportation (subject to the coach or economy rate limitation) to and from the site of a foreign convention is allowable only if one-half or more of the total days of the trip are devoted to business-related activities, excluding travel days to and from the convention site. Otherwise, a deduction is allowable only for a prorated portion of the transportation expense (subject to the limit), based upon the percentage of the days devoted to business related activities. In determining whether a day is devoted to business-related activities, the same rules for counting full days and half days for purposes of subsistence expenses are applied.

(5) The taxpayer must comply with certain reporting requirements. For example, information must be furnished to indicate the total days of the trip (exclusive of the transportation days to and from the convention), the number of hours of each day devoted to business activities (in a brochure describing the convention, if available), and any other information required by regulations. In addition, the taxpayer must attach a statement to his or her income tax return, signed by

an appropriate officer of the sponsoring organization, which must include a schedule of the business activities of each convention day, the number of hours that the individual attended these activities each day, and any other information required by regulations.

Reasons for change

The committee believes that present law rules with respect to expenses incurred in connection with attending a foreign convention do not adequately disallow deductions for trips which are actually foreign vacations. However, the committee believes that certain requirements and limitations on deductions under present law are too complex and restrictive for legitimate foreign conventions for which business expenses should be allowed.

Explanation of provision

General test

Under the bill, no deduction is to be allowed for expenses allocable to a convention, seminar, or similar meeting held outside the North American area unless, taking certain factors into account, it is "as reasonable" for the meeting to be held outside the North American area as within it. The two-convention rule of present law would be repealed.

Under the proposed reasonableness standard, the factors to be taken into account are: (1) the purpose of the meeting and the activities taking place at the meeting; (2) the purposes and activities of the sponsoring organizations or groups; and (3) the residences of the active members of the sponsoring organization and the places at which other meetings of the sponsoring organizations or groups have been or will be held.

Under the bill, the reasonableness requirement would not be satisfied for a convention, seminar, or similar meeting which is conducted on board a cruise ship.

In addition, the bill makes clear that the foreign convention provisions do not apply to normal business meetings for employees of a company.

Foreign convention—North American area

Under the bill, a convention would not be treated as a foreign convention unless it were held outside the United States, its possessions, and the Trust Territory of the Pacific, and Canada and Mexico.

Subsistence expense limitation

Under the bill, the special subsistence expense limitation under present law would be repealed. As for any other business expenses, expenditures for amounts which are lavish and extravagant would continue to be nondeductible.

Transportation expenses

Under the bill, the special coach fare limitation for transportation expenses would be repealed. As for any other travel expenses, the principal purpose for making the trip must be for business purposes for transportation expenses to be deductible.

Special reporting requirements

Under the bill, the special reporting and substantiation requirement for foreign conventions would be repealed.

Amounts includible in recipient's income

The provision continues current law under which a deduction will not be denied to any person other than an individual attending a foreign convention under circumstances where the travel expenses paid by such person are includible in the income of the recipient, so long as such person paying for such expenses does not fail to comply with any applicable information reporting rules. The language of this provision is changed slightly as a matter of clarification, but the changes will not affect the result of cases currently governed by section 274(h)(6)(D)(ii) of the Internal Revenue Code.

(Under section 107 of H.R. 7956, which was also approved by the committee, the payor must comply with information reporting requirements even if the amount involved is less than $600 and reporting ordinarily would not be required.)

Effective date

This provision is effective with respect to foreign conventions attended after December 31, 1980. Where a taxpayer has made plans to attend a foreign convention and such foreign convention was planned prior to December 31, 1980, such convention would be grandfathered under the terms of this provision.

Revenue effect

It is estimated that this provision will have a negligible revenue effect.

E. Exception to Private Foundation "Self-Dealing" Rules for Continuation of Certain Leasing Arrangements (sec. 5 of the bill and sec. 4941 of the Code)

Present law

The 1969 Tax Reform Act in effect prohibited certain transactions between a private foundation and "disqualified persons" with respect to that foundation, such as substantial contributors to the foundation. These prohibited transactions include leasing arrangements between a private foundation and disqualified persons (Code sec. 4941(d)(1)(A)).

The 1969 Act also provided a transitional rule permitting continuation—until taxable years beginning after December 31, 1979—of otherwise prohibited leasing arrangements pursuant to binding contracts in effect on October 9, 1969 (or pursuant to renewals of such contracts). In order to qualify for this 10-year transitional protection, the leasing arrangement must be at least as favorable to the foundation as an arm's-length transaction with an unrelated party and must not have been a prohibited transaction at its inception (P.L. 91–172, sec. 101(1)(2)(C)).

Reasons for change

The committee believes that where a private foundation has been leasing office space from a disqualified person pursuant to an arrangement protected by the 10-year transitional rule, the foundation should be able to continue such arrangement thereafter if the space is made available to the foundation on a basis no less favorable than that in an arm's-length transaction and if the leased space is in a building in which there are tenants who are not disqualified persons.

The committee believes that, although self-dealing arrangements between private foundations and disqualified persons generally should be prohibited, it is not appropriate, in the limited circumstances addressed by the provision, to force a private foundation to discontinue a leasing arrangement which antedates the 1969 Tax Reform Act and which has not been disadvantageous to the foundation. Inasmuch as continuation of the lease is excepted from the self-dealing excise taxes only if there are other tenants in the building who are not related to the foundation, the committee believes that the "arm's-length" standard is enforceable by the Internal Revenue Service.

Explanation of provision

The bill would provide a permanent exception from the self-dealing rules under Code section 4941 in certain circumstances where a private foundation leases office space from a disqualified person, if (1) the lease is pursuant to a binding contract in effect on October 9, 1969 (or renewals thereof), (2) at the time of execution the lease was not a prohibited transaction, and (3) the space is leased to the foundation on a

basis no less favorable than that on which such space would be made available in an arm's-length transaction. For the least to qualify for this exception, the leased space must be in a building in which there are tenants who are not disqualified persons.[1] Thus, this new provision will continue to protect certain of those leasing arrangements which were not acts of self-dealing for taxable years beginning before January 1, 1980, by reason of 10-year transitional rule; the new provision is not intended to protect any leases (or renewals) which would not meet the standards (other than the 10-year time limitation) of the transitional rule (P.L. 91–172, sec. 101(*l*)(2)(C)).

The provision would apply to the Moody Foundation of Galveston, Texas, and any other private foundation which has been leasing space from a disqualified person pursuant to an arrangement covered by the 10-year transitional rule and which lease also meets the specific requirements of the provision.

Effective date

The provision applies to taxable years beginning after December 31, 1979.

Revenue effect

It is estimated that this provision will reduce budget receipts by less than $1 million annually.

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[1] The provision sets forth requirements which must be met as of the effective date in order for the permanent sef-dealing exception provided by the bill to apply as of that date. The provision does not apply prior to the effective date.

III. EFFECT OF THE BILL ON THE BUDGET AND VOTE OF THE COMMITTEE IN REPORTING THE BILL AS AMENDED

Budget Effect

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following statement is made about the effect on the budget of this bill, H.R. 5973, as amended. The committee estimates that the bill will reduce budget receipts by $9 million annually in fiscal years 1981 through 1985.[1]

The Treasury Department agrees with this statement.

New Budget Authority and Tax Expenditures

In accordance with section 308 of the Budget Act, after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by this bill involve no new budget authority or new tax expenditures, but will increase existing tax expenditures by $3 million annually for fiscal years 1981 through 1985 (sec. 2 of the bill).[1]

Consultation with Congressional Budget Office on Budget Estimates

In accordance with section 403 of the Budget Act, the committee advises that the Director of the Congressional Budget Office has examined the committee's budget estimates (as indicated above) and agrees with the methodology used and the resulting revenue estimates.

Vote of the Committee

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made about the vote of the committee on the motion to report the bill, as amended. The bill, H.R. 5973, as amended, was ordered favorably reported by voice vote.

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[1] For budget scorekeeping purposes, the revenue effect figures estimated at less than $5 million have been counted as $3 million; and those estimated at less than $1 million as $500,000.

IV. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the following statement is made concerning the regulatory impact that might be incurred in carrying out the provisions of this bill, H.R. 5973, as reported by the committee.

Individuals and businesses regulated and economic impact of regulation.—The bill does not regulate any individuals or businesses, but amends certain provisions of the tax law. The bill deals with (1) time limits in foreign residence or presence requirements for Americans working abroad, (2) special rule for certain distributions from money purchase pension plans, (3) treatment of certain repayments of supplemental unemployment compensation benefits, (4) treatment of expenses for attending foreign conventions, and (5) exception to private foundation self-dealing rules for continuation of certain leasing arrangements.

Impact on personal privacy.—The provisions of the bill will have minimal impact on personal privacy.

Determination of paperwork involved.—The provisions of the bill will reduce the reporting and other paperwork relating to foreign convention expenses.

V. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In the opinion of the committee, it is necessary in order to expedite the business of the Senate, to dispense with the requirements of paragraph 12 of Rule XXVI of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill, H.R. 5973, as reported by the committee).

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